

Message Text

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PAGE 01 AMMAN 00826 151550Z

47

ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 PM-03 NSC-05 NSCE-00 CIAE-00

INR-05 OMB-01 EB-03 TRSE-00 IGA-01 SP-02 L-01 /043 W

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P 151433Z FEB 76

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC PRIORITY 6964

INFO AMEMBASSY JIDDA PRIORITY

SECDEF WASHDC/PRIORITY//

S E C R E T AMMAN 0826

LIMDIS

SECDEF FOR ISA

E.O. 11652 GDS

TAGS: MASS JO SA US

SUBJECT: HAWK-VULCAN FINANCING CONTINGENCY PLANNING

REF: STATE 034153

1. AS REPORTED ELSEWHERE POST BASED ON CONTENTS
REFTEL HAS FORWARDED A LETTER TO CINC JAF INFORMING
HIM OF THE STATUS OF AIR DEFENSE FINANCING. WE HAVE
ALSO EXAMINTED PROBABLE JORDANIAN REACTION IN EVENT
FINANCING IS NOT AVAILABLE BY FEBRUARY 29 AND
CONTRACT CANCELLATION OCCURS. WE ASSUME AT
MINIMUM JORDANIANS WOULD PURSUE THE FOLLOWING STEPS:

A) MAKE AN IMMEDIATE REQUEST FOR A FURTHER
30 DAY EXTENSION PERHAPS AT THE LEVEL OF THE KING
TO THE PRESIDENT. HOWEVER IN RECENT CONTACTS WITH THE
KING HE HAS NOT APPEARED OVERLY DISTURBED BY THE
POSSIBLE LAPSE IN CONTINUING WORK ON THE CONTRACTS AS
A RESULT OF THE LACK OF SAUDI FINANCING. WHEN THE
MAJOR CONSEQUENCES BECOME CLEAR--AN EXTENSIVE SLIPPAGE
IN DELIVERY SCHEDULES -- HE MAY WELL CHANGE HIS MIND

SECRET

SECRET

PAGE 02 AMMAN 00826 151550Z

AND ACT AS INDICATED ABOVE.

B) THE JORDANAINS WILL CERTAINLY WISH TO ASSURE THEMSELVES THAT THE PRESENT LETTER OF OFFER WILL REMAIN IN FORCE INsofar AS A RESUBMISSION TO CONGRESS WILL NOT BE REQUIRED. IN THIS RESPECT THEY AND THE SAUDIS PROBABLY UNDERSTAND AND ACCEPT PRICE INCREASES AND POSSIBLE DELIVERY DELAYS BEYOND ORIGINAL ESTIMATES.

C) JORDANIANS WOULD BE LIKELY TO REQUEST THAT ALL AIR DEFENSE TRAINING NOW IN PROGRESS OR SCHEDULED TO BEGIN IN THE NEAR FUTURE BE CONTINUED UNDER A BLANKET OPEN ENDED FMS CASE PRESENTLY BEING PREPARED FOR JORDAN BY THE DEPARTMENT OF THE ARMY

D) JORDANIANS WOULD ACCEPT BILLING FOR CANCELLATION COSTS, BUT WOULD THEN FORWARD IT TO SAUDI ARABIA AND REQUEST PAYMENT.

2. WITH NO SPECIAL PROSPECT ON THE HORIZON OF A POSITIVE NATURE REGARDING SAUDI TRANSFER OF DOWN PAYMENT ON HAWK VULCAN FINANCING STRONGLY RECOMMEND THAT DEPARTMENT AND DOD REVIEW THE POSSIBLE CONSEQUENCES OF A REQUIRED CONTRACT CANCELLATION. WE WOULD BE MOST CONCERNED ABOUT A REQUIREMENT TO RESUBMIT A LOA TO THE CONGRESS ALTHOUGH THAT DOES NOT APPEAR REQUIRED FROM RECNT MESSAGES ON THE SUBJECT. WE WOULD ALSO APPRECIATE A REVIEW OF EXPECTED ACTIONS ABOVE AND AN INDICATION OF AREAS WHERE SERIOUS DIFFICULTIES MAY ARISE EITHER FOR THE US SIDE OR FOR JORDAN AND SAUDI ARABIA. WE WOULD CERTAINLY LIKE TO DO ALL POSSIBLE TO MINIMIZE ADVERSE CONSEQUENCES SUCH AS WERE REALIZED DURING THE LAST FLAP OVER THIS ISSUE AT THE END OF JANUARY AND APPRECIATE BOTH THE STATUS REPORT AND THE EXTREMELY HELPFUL COOPERATION OF STATE AND DEFENSE OVER THE LAST SEVERAL WEEKS ON THIS ISSUE. PICKERING

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